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McCRORY STORES CORPORATION

*Annual Report*

1951



# DIRECTORS AND OFFICERS

## *Directors*

RANDOLPH CATLIN

R. F. COPPEDGE

A. J. FINK

FRANK J. HUMPHREY, JR.

N. BAXTER JACKSON

ROBERT W. JAMESON

HARRY O. LATHAM

WILLIAM L. LESS

F. W. PAUL

LEONARD SPANGENBERG

EUGENE W. STETSON

## *Executive Committee*

ROBERT W. JAMESON, *Chairman*

R. F. COPPEDGE

A. J. FINK

F. W. PAUL

EUGENE W. STETSON

LEONARD SPANGENBERG

## *Officers*

R. F. COPPEDGE, *Chairman of the Board of Directors*

F. W. PAUL	President
G. C. CHAMBERS	Vice President
R. A. VROOM	Vice President
M. O. HILL	Vice President
T. C. LAWRENCE	Financial Vice Pres. & Secretary-Treasurer
H. H. BOSCH	Comptroller

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General Counsel	Sullivan & Cromwell, New York, N. Y.
Auditors	S. D. Leidesdorf & Co., New York, N. Y.
Transfer Agent	Guaranty Trust Company of New York
Registrar	
Common Stock	Bankers Trust Company, New York, N. Y.
Preferred Stock	Chemical Bank & Trust Company, New York, N. Y.
General Office	1107 Broadway, New York, N. Y.

# McCRORY STORES CORPORATION

## *Comparative Summary of 1951, 1950 and 1949*

	1951	1950	1949
SALES .....	\$104,222,322	\$98,665,602	\$95,767,297
WAGES AND SALARIES (including payroll taxes and employee benefits) .....	18,363,555	17,381,588	16,839,003
FEDERAL TAXES ON INCOME .....	3,740,000	3,540,000	2,755,000
NET INCOME .....	4,089,481	5,265,179	4,831,191
CASH DIVIDENDS PAID ON			
Preferred Stock .....	209,674	210,000	210,000
Common Stock .....	2,851,142	3,135,662	2,850,602
NUMBER OF STOCKHOLDERS AT END			
OF YEAR .....	6,308	5,828	6,056
EXPENDITURES FOR PROPERTY AND EQUIPMENT .....	3,898,986	2,844,561	4,323,550
PROVISION FOR DEPRECIATION AND AMORTIZATION .....	1,252,196	1,130,796	950,522
EARNINGS PER SHARE OF COMMON STOCK			
(reflecting 2 for 1 Split April 1951) .....	1.70	2.21 1/2	2.02 1/2

# REPORT TO STOCKHOLDERS

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February 14, 1952

## TO THE STOCKHOLDERS:

There is submitted herewith a report on the operations of the McCrory Stores Corporation for the year ended December 31, 1951 together with a comparative Balance Sheet and comparative statement of Income and Surplus. Summarized on the opposite page are some important aspects of the 1951 operations compared with those of 1950 and 1949.

Sales of \$104,222,322 exceeded the sales for 1950 by 5.6% and for the first time in the history of the Company were in excess of 100 million dollars.

Earnings amounted to \$4,089,481 equal to \$1.70 per share of common stock which compares with \$2.21 $\frac{1}{2}$  earned in 1950 after giving effect to the two for one split of common stock in April 1951. Federal Income Taxes continued to take a large share of the company's earnings and in the year 1951 exceeded the amount paid to common stockholders.

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# McCRORY STORES CORPORATION

After giving effect to the two for one split of common stock the dividends paid during 1951 amounted to \$1.25 per share which represented 73% of the company's earnings as compared with \$1.37½ per share in 1950 or 62% of earnings.

The 3½% Preferred Stock is convertible at the option of the respective holders into 5 shares of common stock for each share of preferred stock, and 299,465 shares of common stock are reserved for issuance upon conversion. During the year, 535 shares of common stock were issued for 107 shares of preferred stock and the excess of the par value of the preferred stock over common stock was credited to Capital Surplus.

Expenditures during 1951 for new stores and for expansion and development of old stores amounted to approximately \$3,900,000. New stores were opened in the latter part of the year at Waycross, Ga., Ft. Bragg, N. C., and El Dorado, Ark. The store at Johnson City, N. Y. was relocated and the stores at Bristol, Tenn., Staunton, Va. and Galveston, Texas were completely rebuilt. Nine stores in seven different states were enlarged and new air-conditioning equipment was installed in three large stores. In addition to the work completed on the aforementioned nineteen stores work has progressed on nine additional stores to the point where it is hoped that they will be completed and in operation during the first half of 1952. Of the nine stores to be completed in 1952, four will be new stores, three enlarged stores and two relocated.

At the end of 1951 working capital amounted to \$14,265,850 as compared with \$15,951,695 at December 31, 1950. As indicated in the

# REPORT TO STOCKHOLDERS

tabulation below a very substantial factor in the decrease in working capital is represented by the excess of expenditures for capital assets over annual charges for depreciation and amortization.

## WORKING CAPITAL SUMMARY

WORKING CAPITAL—JANUARY 1, 1951	\$15,951,695
---------------------------------	--------------

### ADDITIONS TO WORKING CAPITAL:

Net Income for 1951	\$4,089,481
Amortization and depreciation	<u>1,252,196</u>
	5,341,677
	<u>\$21,293,372</u>

### DEDUCTIONS FROM WORKING CAPITAL:

Cash dividends on Preferred and Common Stock	\$3,060,816
Capital Assets (expenditures for new and remodelled stores, etc.—Net)	3,898,986
Increase in deferred charges, etc.	<u>67,720</u>
	7,027,522
WORKING CAPITAL—DECEMBER 31, 1951	<u>\$14,265,850</u>

The Board of Directors again wishes to express to all those concerned with the operations of the company their appreciation for their continued cooperation and devotion to the company's interests.

—BY ORDER OF THE BOARD OF DIRECTORS



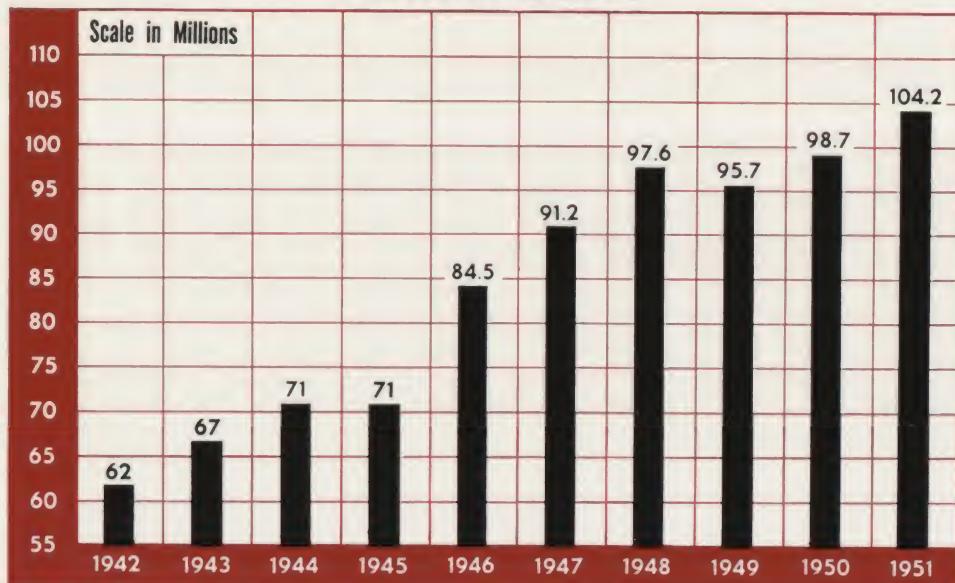
R. F. COPPEDGE, *Chairman*



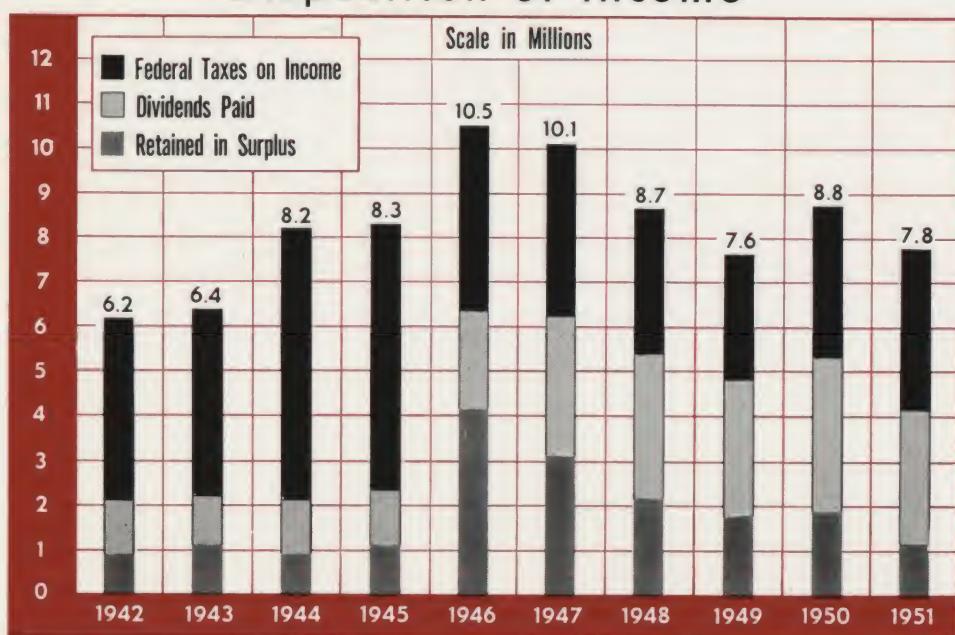
F. W. PAUL, *President*

# SALES AND INCOME GRAPHS

## Annual Sales



## Disposition of Income



# ACCOUNTANTS' REPORT

TO THE BOARD OF DIRECTORS  
McCRORY STORES CORPORATION  
NEW YORK, N. Y.

We have examined the balance sheet of McCrory Stores Corporation as at December 31, 1951 and the related statement of income and surplus for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

Our examination of the merchandise inventories included a general review of the inventory records, tests to determine the mathematical accuracy of the inventory schedules and physical tests of the quantities included in the warehouse inventories. We reviewed the method of store inventory taking as outlined in the inventory instructions issued by the management, and had our representatives present at certain stores, selected by us, for the purpose of satisfying ourselves that the inventory instructions were carried out effectively. At such stores, tests were made of quantities and retail prices which were checked to the merchandising records used as a basis for the retail method of inventory valuation.

In our opinion, the accompanying balance sheet and statement of income and surplus, together with the notes to financial statements, present fairly the financial position of McCrory Stores Corporation at December 31, 1951, and the results of its operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

S. D. LEIDESDORF & CO.

*Certified Public Accountants*

New York, N. Y., February 14, 1952

# McCRORY STORES CORPORATION

*McCrory Sto*

BALANCE SHEET as at De

## ASSETS

### CURRENT ASSETS:

	1951	1950
Cash on hand, in banks and in transit .....	\$ 8,777,776	\$ 7,642,202
U. S. Government obligations—at par .....	—	1,000,000
Merchandise inventories—Note A .....	13,372,628	15,678,387
Miscellaneous accounts receivable, less reserve .....	743,624	96,227
Total Current Assets .....	<u>22,894,028</u>	<u>24,416,816</u>

### FIXED ASSETS:

Real estate, at adjusted value December 31, 1936 and subsequent additions at cost .....	6,190,745	6,196,008
Furniture and fixtures, equipment and utensils, at cost .....	11,501,638	9,967,392
Improvements to leased property, at adjusted value January 1, 1936 and subsequent additions at cost .....	14,565,750	12,602,069
	<u>32,258,133</u>	<u>28,765,469</u>
Less: Reserves .....	9,871,605	8,965,332
Total Fixed Assets .....	<u>22,386,528</u>	<u>19,800,137</u>

### DEFERRED CHARGES:

Prepaid rents, insurance, taxes, store supplies, etc. .....	1,097,094	968,975
	<u>\$46,377,650</u>	<u>\$45,185,928</u>

### NOTES TO FINAN

Financial Statements as at or for the year ended December 31, 1950 are included for comparative purposes only.

#### Note A—

##### Merchandise at Stores:

Inventories at the lower of cost or market based upon the retail method of inventory valuation .....	\$10,858,782	\$12,307,114
Inventories at cost—Restaurants .....	118,725	113,644
Merchandise at Warehouses—at cost .....	852,201	1,188,580
Merchandise in Transit—at cost .....	1,542,920	2,069,049
	<u>13,372,628</u>	<u>15,678,387</u>

Cost of goods sold for the current year has been determined on the basis of inventories established as outlined above.

#### Note B—

The 3½% Cumulative Convertible Preferred Stock is redeemable at the option of the Corporation in whole or in part, at \$104.00 per share, plus accrued dividends to date of redemption, and in the event of voluntary liquidation, is entitled to receive an amount equal to the then redemption price and in the event of involuntary liquidation is entitled to \$100.00 per share and accrued dividends.

# COMPARATIVE BALANCE SHEET

*Corporation*

December 31, 1951 and 1950

## LIABILITIES

### CURRENT LIABILITIES:

	1951	1950
Accounts payable—including merchandise in transit	\$ 3,882,499	\$ 3,278,387
Accrued expenses, taxes, rents, salaries, etc.	3,753,565	3,505,765
Reserve for Federal taxes on income	3,992,114	3,680,969
Less: U. S. Treasury Notes	(3,000,000)	(2,000,000)
Total Current Liabilities	<u>8,628,178</u>	<u>8,465,121</u>

### CAPITAL STOCK AND SURPLUS — Notes B, C and D:

Preferred Stock—par value \$100.00 per share:

Authorized	80,000 shares		
3½% Series—Cumulative Convertible			
Outstanding	59,893 shares—1951	5,989,300	—

Common Stock—par value \$.50 per share:

Authorized	2,800,000 shares		
Issued and outstanding	2,281,017 shares—1951	1,140,508	—
	*2,280,482 shares—1950	—	1,140,241
Capital Surplus		7,723,474	7,713,041
Earned Surplus (since January 1, 1936)		22,896,190	21,867,525
		<u>37,749,472</u>	<u>36,720,807</u>
		<u>\$46,377,650</u>	<u>\$45,185,928</u>

### FINANCIAL STATEMENTS

#### Note C—

In April 1951, the Corporation authorized a two for one split of its Common Stock and changed the par value from \$1.00 per share to \$.50 per share. Of the total of 2,800,000 shares of Common Stock authorized 299,465 shares are reserved for issuance upon conversion of the 3½% Cumulative Convertible Preferred Stock.

#### Note D—

Pursuant to certain restrictions in connection with the authorization of 3½% Cumulative Convertible Preferred Stock, Capital and Earned Surplus as at December 31, 1951 in the approximate amount of \$16,000,000 is not available for dividends on the Common Stock.

#### GENERAL—

At December 31, 1951 the minimum annual rentals upon property leased to the Corporation under 257 leases expiring after December 31, 1954, amount to approximately \$3,150,000, plus real estate taxes, insurance, etc.

The accompanying financial statements are subject to final determination of Federal and state taxes.

\* Number of shares of Common Stock as at December 31, 1950 has been adjusted to reflect 2 for 1 split during April 1951.

# McCRORY STORES CORPORATION

## Statement of Income and Surplus

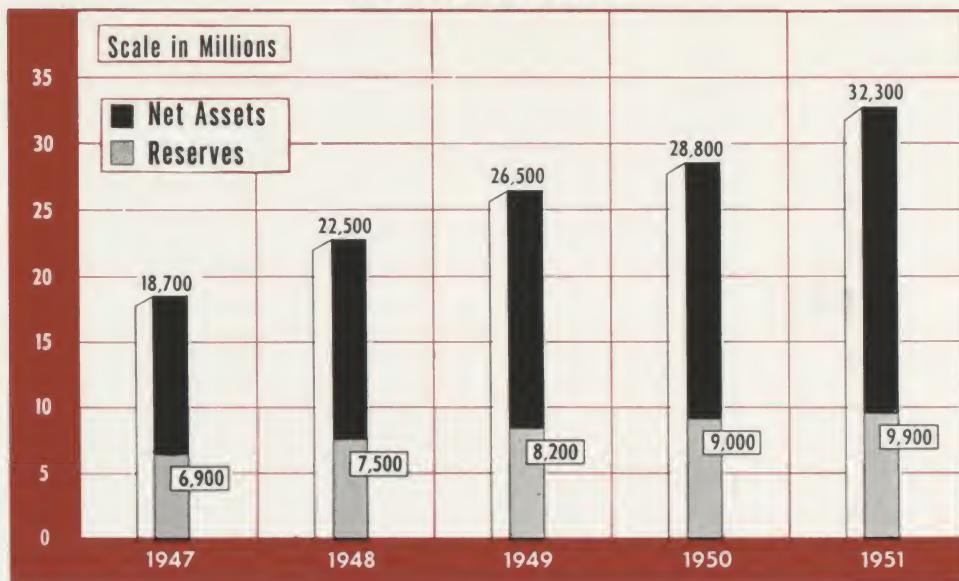
For the Years Ended December 31, 1951 and 1950

	1951	1950
<b>SALES (merchandise, restaurant and concession)</b>	<b>\$104,222,322</b>	<b>\$98,665,602</b>
Cost of goods sold and operating expenses including occupancy and general and administrative expenses	95,388,318	89,070,973
	<u>8,834,004</u>	<u>9,594,629</u>
<b>OTHER INCOME:</b>		
Income from sale of store property	35,486	215,790
Miscellaneous income, less other deductions	212,187	125,556
	<u>247,673</u>	<u>341,346</u>
Net income before depreciation, amortization and Federal taxes on income	9,081,677	9,935,975
Depreciation and amortization	1,252,196	1,130,796
Net income before Federal taxes on income	7,829,481	8,805,179
Provision for Federal taxes on income	3,740,000	3,540,000
<b>NET INCOME</b>	<b>4,089,481</b>	<b>5,265,179</b>
Earned Surplus (since January 1, 1936) as at December 31, 1950 and 1949	21,867,525	19,948,008
	<u>25,957,006</u>	<u>25,213,187</u>
Dividends paid on:		
Common Stock—\$1.25 per share in 1951 \$1.37½ per share in 1950	2,851,142	3,135,662
Preferred Stock	209,674	210,000
	<u>3,060,816</u>	<u>3,345,662</u>
<b>EARNED SURPLUS (since January 1, 1936) as at Dec. 31, 1951 and 1950—Note D</b>	<b>\$ 22,896,190</b>	<b>\$21,867,525</b>
<b>CAPITAL SURPLUS as at December 31, 1950 and 1949</b>	<b>\$ 7,713,041</b>	<b>\$ 7,713,041</b>
Excess of par value of 107 shares of 3½% Cumulative Convertible Preferred Stock over par value of 535 shares of Common Stock issued upon conversion	10,433	
<b>CAPITAL SURPLUS as at December 31, 1951 and 1950</b>	<b>\$ 7,723,474</b>	<b>\$ 7,713,041</b>

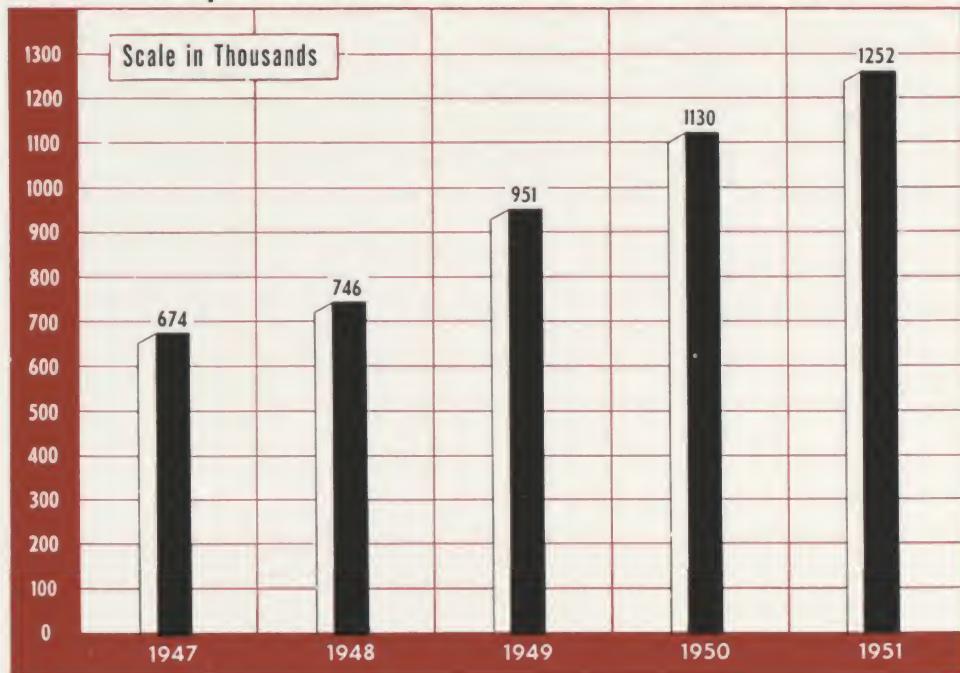
The Notes to Financial Statements are an integral part of this statement and should be read in conjunction herewith.

# FIXED ASSETS GRAPHS

## Fixed Assets



## Depreciation and Amortization



# McCRORY STORES CORPORATION

## Ten Year Summary

	1951	1950	1949
Sales	\$104,222	\$98,665	\$95,767
Cost of Sales, including occupancy expenses	71,011	66,140	65,137
Selling, general and administrative expenses	24,378	22,930	22,249
Depreciation and amortization	1,252	1,130	951
Other Income less other deductions	248	340	156
Net Income Before Federal Taxes	7,829	8,805	7,586
Federal Taxes on Income	3,740	3,540	2,755
Net Income	<u>4,089</u>	<u>5,265</u>	<u>4,831</u>
Cash Dividends on Preferred Stock	210	210	210
Cash Dividends on Common Stock	2,851	3,135	2,850
*Net Income per share of Common Stock	1.70	2.21 $\frac{1}{2}$	2.02 $\frac{1}{2}$
*Cash Dividends per share of Common Stock	1.25	1.37 $\frac{1}{2}$	1.25
Number of Stores	206	205	201

## Balance Sheet as

ASSETS	1951	1950	1949
Cash and U.S. Government Securities	\$ 8,778	\$ 8,642	\$10,876
Merchandise Inventories	13,372	15,678	11,407
Miscellaneous Accounts Receivable	744	96	48
Total Current Assets	<u>22,894</u>	<u>24,416</u>	<u>22,331</u>
Fixed Assets (less depreciation and amortization)	22,387	19,800	18,316
Deferred Charges, etc.	1,097	968	909
Total Assets	<u>46,378</u>	<u>45,184</u>	<u>41,556</u>
LIABILITIES AND CAPITAL			
Accounts Payable and other Liabilities	7,636	6,784	6,004
Federal Taxes On Income	3,992	3,680	2,870
Less: U.S. Treasury Notes	(3,000)	(2,000)	(2,120)
Total Current Liabilities	<u>8,628</u>	<u>8,464</u>	<u>6,754</u>
Long Term Debt			
Preferred Stock	5,990	6,000	6,000
Common Stock (including surplus)	31,760	30,720	28,802
Total Liabilities and Capital	<u>46,378</u>	<u>45,184</u>	<u>41,556</u>
Net Working Capital	14,266	15,952	15,577
*Net Worth per share of Common Stock	<u>13.92</u>	<u>13.47</u>	<u>12.63</u>

\* Number of shares of Common Stock has been adjusted to reflect 2 for 1 split during April 1951.

# TEN YEAR SUMMARY

## *Statement of Income*

(In thousands of dollars)

1948	1947	1946	1945	1944	1943	1942
\$97,588	\$91,225	\$84,509	\$71,282	\$71,324	\$67,351	\$62,613
66,088	61,336	56,645	48,182	48,433	47,010	43,121
22,139	19,569	16,999	14,060	13,932	13,162	12,388
746	674	651	667	712	736	731
74	407	324	(91)	(64)	(80)	(188)
8,689	10,053	10,538	8,282	8,183	6,363	6,185
3,200	3,750	4,000	5,910	6,000	4,075	4,000
<u>5,489</u>	<u>6,303</u>	<u>6,538</u>	<u>2,372</u>	<u>2,183</u>	<u>2,288</u>	<u>2,185</u>
210	210	205	225	300	300	300
3,193	3,022	2,280	995	990	990	990
2.31½	2.67	2.77½	1.00	.95	1.00½	.95
1.40	1.32½	1.00	.50	.50	.50	.50
202	199	199	199	203	201	202

*at December 31st*

1948	1947	1946	1945	1944	1943	1942
\$12,195	\$15,003	\$15,632	\$14,197	\$13,660	\$10,362	\$ 8,070
11,379	11,908	8,271	5,131	5,698	8,137	10,384
114	190	101	189	45	44	22
<u>23,688</u>	<u>27,101</u>	<u>24,004</u>	<u>19,517</u>	<u>19,403</u>	<u>18,543</u>	<u>18,476</u>
14,983	11,809	10,744	10,285	10,850	11,293	11,916
1,142	1,133	1,124	809	1,294	924	861
<u>39,813</u>	<u>40,043</u>	<u>35,872</u>	<u>30,611</u>	<u>31,547</u>	<u>30,760</u>	<u>31,253</u>

6,517	8,339	5,842	4,511	4,458	3,608	4,714
3,265	3,759	4,469	6,326	6,654	4,250	4,000
(3,000)	(3,000)	(3,500)	(3,320)	(3,100)	—	—
<u>6,782</u>	<u>9,098</u>	<u>6,811</u>	<u>7,517</u>	<u>8,012</u>	<u>7,858</u>	<u>8,714</u>
		72	—	2,625	2,885	3,520
6,000	6,000	6,000	6,000	6,000	6,000	6,000
<u>27,031</u>	<u>24,945</u>	<u>22,989</u>	<u>17,094</u>	<u>14,910</u>	<u>14,017</u>	<u>13,019</u>
<u>39,813</u>	<u>40,043</u>	<u>35,872</u>	<u>30,611</u>	<u>31,547</u>	<u>30,760</u>	<u>31,253</u>
<u>16,906</u>	<u>18,003</u>	<u>17,193</u>	<u>12,000</u>	<u>11,391</u>	<u>10,685</u>	<u>9,762</u>
<u>11.85½</u>	<u>10.94</u>	<u>10.08</u>	<u>8.24</u>	<u>7.53</u>	<u>7.07½</u>	<u>6.57½</u>

# 206 McCRORY STORES

## 206 McCRORY STORES...

<b>Alabama</b> (1)	<b>Fla. (cont.)</b>	<b>Kentucky</b> (2)	<b>Missouri</b> (1)
Eufaula	Kissimmee	Louisville	St. Louis
	Lake City	†Lexington	
	Lakeland		
	Leesburg		
<b>Arkansas</b> (3)	Live Oak		
Eldorado	Melbourne		
Fort Smith	Miami	<b>Louisiana</b> (3)	<b>New Jersey</b> (12)
Jonesboro	Miami Beach	Lafayette	Asbury Park
	New Smyrna	New Orleans	Atlantic City
	Ocala	1626 Dryades St.	Burlington
	Orlando	1005 Canal St.	Camden
	Palatka		†Clifton
<b>Connecticut</b> (1)	Panama City		Jersey City
Danbury	Plant City		Newark
	Punta Gorda		Orange
	Quincey		Passaic
	Sanford		Perth Amboy
<b>Delaware</b> (1)	Sarasota	<b>Maryland</b> (8)	Rahway
Dover	St. Augustine	Baltimore	Union
	St. Petersburg	Cambridge	
	Tallahassee	Crisfield	
	Wauchula	Cumberland	
	West Palm Beach	Easton	
<b>Dist. of Col</b> (1)	Winter Haven	Frederick	<b>New York</b> (8)
Washington		Hagerstown	Bay Shore, L. I.
		Salisbury	Brooklyn
			Johnson City
			Long Island City
<b>Florida</b> (37)	<b>Georgia</b> (8)		New York City
Arcadia	Atlanta		Niagara Falls
Bartow	Bainbridge	<b>Massachusetts</b> (2)	Rego Park
Bradenton	Columbus	New Bedford	Syracuse
Clearwater	Cordele	1115 Acushnet Ave.	
Daytona Beach	Savannah	1009 S. Water St.	
128 S. Beach St.	Tifton		
814 Main St.	Valdosta		
Deland	Waycross		
Fort Lauderdale			<b>North Carolina</b> (5)
Fort Myers	<b>Indiana</b> (3)	<b>Mississippi</b> (3)	Dunn
Fort Pierce	Anderson	Gulfport	Fayetteville
Gainesville	Indianapolis	Jackson	Fort Bragg
Homestead	Terre Haute	McComb	Roanoke Rapids
Jacksonville			Tarboro

# IN TWENTY-THREE STATES\*

... IN TWENTY-THREE STATES\*

<b>Ohio (9)</b>	<b>Pa. (cont.)</b>	<b>South Carolina (8)</b>	<b>Texas (cont.)</b>
Canton	Greensburg	Aiken	Taylor
Cleveland	Hanover	Chester	Terrell
Dayton	Homestead	Columbia	Waco
East Liverpool	Huntingdon	Gaffney	Wichita Falls
Hamilton	Indiana	Georgetown	
Kent	Johnstown	Greenwood	
Springfield	Kane	Newberry	
Steubenville	Lancaster	Rock Hill	
Youngstown	Lebanon		
	Lewistown		
	Monongahela		<b>Virginia (8)</b>
	Mt. Pleasant		†Arlington
	Patton		Cape Charles
	Philadelphia		Charlottesville
<b>Pennsylvania (56)</b>	1205 Market St.		Front Royal
Allentown	919 Market St.		Harrisonburg
Altoona	Philipsburg		Pulaski
Barnesboro	Pittsburgh		Staunton
Bethlehem	105 E. Ohio St.		Winchester
Bradford	314 Fifth Avenue		
Bristol	Portage		
Brookville	Pottstown		
Canonsburg	Punxsutawney		
Carlisle	Reading		
Carnegie	Reynoldsville		
Chambersburg	Ridgway		<b>West Virginia (11)</b>
Charleroi	Scottsdale		Charleston
Chester	Scranton		Clarksburg
Clearfield	Somerset		Fairmont
Connellsville	South Fork		Grafton
Cresson	Tyrone		Huntington
Donora	Vandergrift		Mannington
DuBois	Waynesboro		Martinsburg
Ebensburg	Waynesburg		Morgantown
Emporium	Wilkes-Barre		New Martinsville
Franklin	Windber		Parkersburg
	York		Wheeling
		<b>Tennessee (4)</b>	
		Bristol	
		Kingsport	
		Morristown	
		Oak Ridge	
		<b>Texas (14)</b>	
		Big Spring	
		Corpus Christi	
		Denton	
		Fort Worth	
		Galveston	
		Hillsboro	
		McAllen	
		Nacogdoches	
		Palestine	
		San Antonio	

\*And the District of Columbia.

†Stores contemplated or under Construction.

Stockrooms at New York, N. Y. and Huntingdon, Pa.

# McCRORY STORES CORPORATION





